
	<b>Notice of Request for Proposal</b>		
	SOLICITATION NO.: <b>YH07-0009</b>	1	
		OF 49	
			701 E. Jefferson St., MD 5700 Phoenix, Arizona 85034

**Solicitation Contact Person:**

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 Issue Date: September 27, 2006

**LOCATION:** **ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION (AHCCCS)**  
 Contracts and Purchasing Section (First Floor)  
 701 E. Jefferson, MD5700  
 Phoenix, Arizona 85034

DESCRIPTION: **FULFILLMENT SUPPORT SERVICES FOR HEALTHCARE GROUP OF ARIZONA**

PROPOSAL DUE DATE: November 2, 2006 AT 3:00 P.M. MST

Pre-Proposal Conference: A Pre-Proposal Conference has been scheduled for October 12, 2006, 10:30 a.m. to noon in the Gold Room, at AHCCCS, 701 E. Jefferson, Phoenix, AZ 85034.

**QUESTIONS CONCERNING THIS SOLICITATION SHALL BE  
 SUBMITTED TO THE SOLICITATION CONTACT PERSON NAMED  
 ABOVE, IN WRITING EITHER VIA TELEFAX OR E-MAIL BY  
 OCTOBER 13, 2006, 5:00 P.M., AT THE LATEST.**

In accordance with A.R.S. § 41-2534, which is incorporated herein by reference, competitive sealed proposals will be received at the above specified location, until the time and date cited. Proposals received by the correct time and date will be opened and the name of each offeror will be publicly read.



Proposals must be in the actual possession of AHCCCS on or prior to the time and date and at the location indicated above.

**Late proposals shall not be considered.**



Proposals must be submitted in a sealed envelope or package with the Solicitation Number and the offeror's name and address clearly indicated on the envelope or package. All proposals must be completed in ink or typewritten. Additional instructions for preparing a proposal are included in this solicitation document.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the appropriate Procurement Agency. Requests should be made as early as possible to allow time to arrange the accommodation. A person requiring special accommodations may contact the solicitation contact person responsible for this procurement as identified above.

**OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION.**

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	<b>Offer and Acceptance</b>		
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### OFFER

The undersigned Offeror hereby agrees to provide all services in accordance with the terms and requirements stated herein, including all exhibits, amendments, and final proposal revision (if any). Signature also acknowledges receipt of all pages indicated in the Table of Contents.

Arizona Transaction (Sales) Privilege Tax License No.:

For clarification of this offer, contact:

Federal Employer Identification No.:

Name: \_\_\_\_\_

Phone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Fax: \_\_\_\_\_

Company Name

Signature of Person Authorized to Sign Offer

Address

Printed Name

City State Zip

Title

### CERTIFICATION

By signature in the Offer section above, the bidder certifies:

1. The submission of the offer did not involve collusion or other anti-competitive practices.
2. The bidder shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 99-4 or A.R.S. §§ 41-1461 through 1465.
3. The bidder has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.
4. **The bidder certifies that the above referenced organization \_\_\_ is/\_\_\_ is not a small business with less than 100 employees or has gross revenues of \$4 million or less.**

### ACCEPTANCE OF OFFER (to be completed by AHCCCS)



Your offer, including all exhibits, amendments and final proposal revision (if any), contained herein, is accepted.

The Contractor is now bound to provide all services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's Offer as accepted by AHCCCS.

This contract shall henceforth be referred to as Contract No. \_\_\_\_\_.

Awarded this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
Michael Veit, as AHCCCS Contracting Officer and not personally

 <b>AHCCCS</b>	<b>Scope of Work</b>		  701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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## 1. OVERVIEW

Since its inception in 1987, the Healthcare Group of Arizona (HCG) has provided health insurance coverage to uninsured small business employers (1 to 50 employees) and political subdivisions of the State of Arizona. The HCG is administered by the Arizona Health Care Cost Containment System (AHCCCS). The mission of HCG is to reduce the growing number of uninsured workers in the State of Arizona. Healthcare Group is a premium-based insurance program that is managed as a separate product line within AHCCCS.

HCG contracts with uninsured small businesses, sole proprietors, and political subdivisions that wish to purchase prepaid health benefits for employees and eligible dependents under A.R.S. 36-2912 et. seq. HCG markets its products through internal sales reps and insurance brokers. HCG also contracts with health plans under A.R.S. 36-2906 to organize coverage for and manage medical services for employees and eligible dependents covered by prepaid health benefits purchased from HCG.

Since September 2004, enrollment within the HCG products has grown almost 96%, from 11,734 to 22,985 in September 2006. Approximately 40% of this growth has been within the past 12 months. HCG's membership continues to grow between 3% and 4% monthly. With the implementation of several initiatives, HCG's goal is to exceed 32,000 members by July 2007.

## 2. CONTRACTOR RESPONSIBILITIES



### 2.1 Purpose

The purpose of this RFP is to contract with a company to perform the tasks involved in fulfillment support. This includes providing print-on-demand and fulfillment services to prospective members, new members, renewing employer groups, insurance brokers and the direct marketing as requested. Fulfillment support is a service that includes various tasks, such as management of data and files, customization and production of marketing materials, member handbooks, new member packets (member identification cards, associated member information, and educational materials), renewal packets for current employer groups, customization and web-to-print/print-on-demand capability for health promotion and marketing materials, as well as providing mail delivery options, if payer chooses not to use first class mail. The current tasks are further described in 2.2.

It is Healthcare Group's intent to develop a CD that will enable a more paperless environment. The development of this CD will occur over the next year and could potentially alleviate the scope of prospective member fulfillment duties to an extent, but certainly not eliminate new member fulfillment or direct marketing campaigns. More information will be provided to the Contractor after the award is made and HCG has designed and produced the CD.

### 2.2 Contracted Services to be Provided

- 2.2.1 Produce and mail customized packets or mailings to prospective members within 48 hours of receipt of files.
- 2.2.2 Produce and mail customized packets or mailings to brokers within 48 hours of receipt of request.
- 2.2.3 Produce quality 2 or 4-color plastic member identification (ID) cards requested for any of the four contracted health plans as incorporated through HCG standards.

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- 2.2.4 Utilize art work supplied through the HCG marketing department or create graphics per standards.
- 2.2.5 Produce customized member handbooks for each of four contracted health plans per standards (2 or 4-color cover as designed with customized content per health plan).
- 2.2.6 Produce customized materials for each of the four contracted health plans as requested.
- 2.2.7 Stuff member packets with all associated materials.
- 2.2.8 Mail new member packets, including ID cards, within five to seven working days of receipt of a member's enrollment. Produce a member ID card for each HCG insured member of a family and coordinate packaging for mailing to receipt of one packet per subscriber including all dependent member ID cards.
- 2.2.9 Mail all ID cards by first class mail unless otherwise instructed by HCG.
- 2.2.10 Produce and mail a new member ID card and associated member information when there is a change in a member's primary care provider, demographic information, or benefits information or when a member ID card is lost.
- 2.2.11 Bill the health plans directly for new member fulfillment services. HCG is not responsible for payment for orders placed for each of the health plans or for their mailing costs.
- 2.2.12 Mail annual renewal packets to members on a monthly basis.

### 2.3 Specifications

The specifications for the primary fulfillment items are listed below.

#### 2.3.1 Member Handbooks

Member handbooks should be 8-1/2 in. by 11 in. The front and back covers should be made of 98# Topkote gloss cover, 4/0 or 2/0. The inside should be standard 60# Offset. Each handbook will consist of approximately 66 double-sided pages.

Healthcare Group will provide camera ready artwork for the front and back covers. The Contractor should keep an additional 1,000 handbooks on hand at all times to provide an ample supply to HCG and/or participating health plans, when requested. HCG may provide updated artwork for the cover of the Member Handbooks once a year. Portions of the inside verbiage, or the entire text, may change up to two times a year.

#### 2.3.2 Member Identification Cards



Production of Member ID Cards: CR-80 – 4/1; length: 3 3/8 in., height: 2 1/8 in.; thickness: 30 mil. or .030 in. PVC; clear lamination or topcoat; magnetic strip encoding with smart card personalization; rubber-based removable glue.

#### 2.3.3 Letterhead

Letterhead shall use the Healthcare Group two-color logo or Healthcare Group co-branded logo. It should be 8-1/2 in. by 11 in., 2/0-PMS, bleeds, 70# White Finch Text.

#### 2.3.4 Envelopes

Envelopes for the member packets should be 9 in. by 12 in. window booklet, 28# white woven, 2/0-PMS. Envelopes for the sales/broker packets should be 10 in. x 13 in. 28# white woven, 2/0-PMS. Envelopes for member ID cards should be #10 window envelopes 24# white woven, 2/0-PMS.

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## 2.4 Volume Estimates

### 2.4.1 Renewal Packets

- 2.4.1.1 Welcome Letter
- 2.4.1.2 50-85 sheets (double-sided), stapled
- 2.4.1.3 9x12 window envelopes
- 2.4.1.4 Approximately 8,000 per year

### 2.4.2 New Member Packets

- 2.4.2.1 Welcome letter
- 2.4.2.2 Member Handbooks
- 2.4.2.3 5-10 additional items
- 2.4.2.4 9x12 envelopes
- 2.4.2.5 Approximately 10,000 per year

### 2.4.3 Sales/Broker Packet

- 2.4.3.1 65-85 sheets (some double-sided), stapling
- 2.4.3.2 10x13 envelope
- 2.4.3.3 Approximately 6,000 per year



- 2.4.4 Healthcare Group continues to grow at an approximate rate of 3% to 4% each month. Membership within medical plans has grown from 16,451 in September '05 to 22,985 members as of September '06 – a 40% growth rate in one year.

## 2.5 Performance Standards

The Contractor shall comply with the following performance standards:

Performance Standards	Guarantees		
	Description	Amount at Risk	Measurement
<i>1. Implementation</i>			
ID Card Issuance	99% issued within 5 to 7 business days of effective date of covered person	1% of annual administration fees	Supplier report, random audit, or member survey; completion of task by cut-off date; reported and measured annually
ID Card Accuracy	98% correct; Less than 2% of insured persons calling with problems requiring re-issue	1% of annual administration fees	Supplier report, random audit, or member survey; reported and measured annually
Correspondence	95% of written inquiries resolved within 15 days; 98% resolved within 30 days; 100% resolved in 60 days	1% of annual administration fees	Supplier reports, random audit or member survey; reported quarterly and measured annually
Response to Client Calls; inquiries; or meetings	Within 1 business day	3% of annual administration fees	Evaluation by HCG management; reported and measured annually

## 2.6 Reporting Requirements

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- 2.6.1 Track and report production and mailing costs of marketing packets weekly
- 2.6.2 Track and report production and mailing costs of fulfillment packets, including member ID cards and associated materials by health plan on a monthly basis.
- 2.6.3 Track and report return on investment by sales rep and/or broker, and report this information to HCG on a monthly basis.

### **3. CONTRACTOR QUALIFICATIONS AND CAPABILITIES**

3.1 Contractor should be located in Maricopa County.

#### **3.2 Fulfillment Services**

##### **3.2.1 Web-to-Print Solution**

- 3.2.1.1 Complete online inventory
- 3.2.1.2 Inventory reporting
- 3.2.1.3 Reorder notification points
- 3.2.1.4 Online replenishment orders
- 3.2.1.5 Internal IT staff to provide:
  - 3.2.1.5.1 Custom Programming
  - 3.2.1.5.2 Single sign-on user profile management (database integration)
  - 3.2.1.5.3 Direct support to end users
- 3.2.1.6 Automated online direct mail
- 3.2.1.7 Infrastructure and Monitoring
  - 3.2.1.7.1 System is hosted on a Tier 1 ISP
  - 3.2.1.7.2 CPU operation should not exceed 50 percent
  - 3.2.1.7.3 Software is constantly enhanced and hardware is upgraded
  - 3.2.1.7.4 System is monitored 24/7 for hardware failures and slowdowns
  - 3.2.1.7.5 Bandwidth for document download is at least 3.0 megabits per second
- 3.2.1.8 Security
  - 3.2.1.8.1 Multiple firewalls are utilized for highest standard security
  - 3.2.1.8.2 Documents are password protected
  - 3.2.1.8.3 Secure data for HIPAA compliance and financial transactions
- 3.2.1.9 Redundancy and backup of data
  - 3.2.1.9.1 Backups conducted at least nightly
  - 3.2.1.9.2 Information shared by multiple servers in case of server failure



- 3.2.2 Complete order processing
- 3.2.3 Process orders via phone, fax, mail, web, e-mail
- 3.2.4 Warehouse items and materials
- 3.2.5 Print customized packing slips
- 3.2.6 Pick, pack and ship to consumers, businesses or brokers
- 3.2.7 Ship and invoice health plan or HCG
- 3.2.8 Confirmation of shipping
- 3.2.9 Product assembly and labeling

#### **3.3 OnDemand Printing**

##### **3.3.1 Customizable Documents**

- 3.3.1.1 Template driven, customized text and graphics

#### **3.4 Reporting**

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- 3.4.1 Line Item Report – reports based on users
- 3.4.2 Order Report – report based on item
- 3.4.3 Inventory Report – shows current inventory levels
- 3.4.4 Spending accounts for each user, i.e., sales reps

3.5 Shipping

- 3.5.1 Tracking
- 3.5.2 Choices of UPS shipping options
- 3.5.3 Mailing costs billed to user

3.6 Packaging Services



- 3.8.1 Kit Assembly and Hand Packaging
  - 3.8.1.1 Collating and assembly of product and/or literature components
- 3.8.2 Stapling
- 3.8.3 Sorting
- 3.8.4 Re-packaging
- 3.8.5 Tipping, gluing

3.7 Mailing Services

- 3.9.1 Full integration with online Web-to-Print solution, including ability to accept data in multiple forms, customization requests for marketing materials to be mailed, ability to notify client once mailing is complete
- 3.9.2 Multiple variable configurations available for variable documents
- 3.9.3 Ink-jetting Addressing
- 3.9.4 Inserting
- 3.9.5 Folding
- 3.9.6 Laser Printing
- 3.9.7 Pick-up and Delivery Services
- 3.9.8 CASS – Coding Accuracy Support System
- 3.9.9 Duplicate Elimination
- 3.9.10 Merge-Purge
- 3.9.11 Data Entry

3.8 Printing Capability

- 3.10.1 Black & White and Color Digital Output
- 3.10.2 Full variable mail printing
- 3.10.3 Ability to print on-demand, eliminating waste and warehousing
- 3.10.4 Ability to personalize and customize marketing materials
- 3.10.5 Online creation and ordering system for custom orders
- 3.10.6 Web fulfillment printing

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**1. METHOD OF COMPENSATION**

AHCCCS or the health plans will reimburse the Contractor based on the rates established by the Contract. For orders placed by Healthcare Group contacts, the following procedures apply. For orders placed by health plans, Contractor shall follow the health plan's procedures for payment.

**2. INVOICES**

By the 20<sup>th</sup> day of each month, the Contractor shall submit invoices to Healthcare Group for work that has been performed in accordance with the Contract terms and accepted by Healthcare Group. For invoices done for Healthcare Group, the Contractor shall submit invoices in two (2) copies. The Contractor's invoices shall be submitted to:



Healthcare Group  
10851 N. Black Canyon Highway, Suite # 660  
Phoenix, AZ 85029

For invoices for member fulfillment done for health plans, Contractor shall obtain correct mailing address from the health plan.

Each invoice shall provide the following information, as applicable: contract number, description of services performed, quantity, name of Healthcare Group/health plan contact person, date of service. Each invoice shall have adequate supporting documentation attached to allow proper expense reimbursement.

**3. PAYMENTS**



AHCCCS will pay the Contractor within thirty (30) working days of receipt of Contractor's invoice for work performed, provided it includes the required information and supporting documentation. The health plans will pay the Contractor within 30 working days for member fulfillment. Failure to submit invoices within ninety (90) working days after providing services may result in payment denial by AHCCCS.

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#### 4. PROPOSED CONTRACT RATES

Provide proposed rates below for the following services as they are described in the Scope of Work. Contractor agrees to charge for postage at the cost of the postage. There will be no service charge for postage. There will also be no charge for receiving, storage and cartons. If there is a variation in price due to use of any particular color, please note the variation in your proposed rates. For customized health plan packets or other customized items that do not follow the specifications contained in the Scope of Work, rates should be negotiated and must be agreed to in writing by both parties prior to initiation of the work.

<u>Service</u>	<u>Proposed Rate</u>
<b>A. Production of Member Handbooks</b> <u>Covers</u> Stock: 98# Topkote gloss cover Ink: 4/0 or 2/0 Finished size: 11 x 17 <u>Inside Pages</u> 60# Offset Sheet size: 11 x 17 Ink: 1/0 Fold, collate and saddle stitch to covers (8.5 x 11 after fold)	4/0 – Cover, 1/0 Inside Pages \$_____ per 1,000 \$_____ per 5,000 \$_____ per 10,000  2/0 – Cover, 1/0 Inside Pages \$_____ per 1,000 \$_____ per 5,000 \$_____ per 10,000
<b>B. Production of Member ID Cards</b> CR-80 – 4/1; length: 3 3/8 in., height: 2 1/8 in.; thickness: 30 mil. or .030 in. PVC; clear lamination or topcoat; magnetic strip encoding with smart card personalization; rubber-based removable glue used for temporary attachment to stationary for mailing	\$_____ per 5,000 \$_____ per 15,000 \$_____ per 30,000
<b>C. Production of #10 Window Envelopes</b> 24# white woven, 2/0-PMS	\$_____ per 5,000 \$_____ per 10,000 \$_____ per 15,000
<b>D. Production of #10 Envelopes (no window)</b> 24# white woven, 2/0-PMS	\$_____ per 5,000 \$_____ per 10,000 \$_____ per 15,000
<b>E. Production of 9 x 12 Window Envelopes</b> 28# white woven, 2/0-PMS	\$_____ per 15,000 \$_____ per 20,000 \$_____ per 25,000
<b>F. Production of 10 x 13 Envelopes (no window)</b> 28# white woven, 2/0-PMS	\$_____ per 5,000 \$_____ per 10,000 \$_____ per 15,000
<b>G. Production of Letterhead</b>	\$_____ per 40,000



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8-1/2 in. by 11 in. 70# White Finch Text, 2/0-PMS, bleeds	\$_____ per 50,000 \$_____ per 60,000
H. Sales/Broker Packet assembly in 10 x 13 in. envelopes Approximately 65-85 sheets per envelope *Mailing services include: presorting, imaging, mail prep, and PO drop	Packet Assembly Only: \$_____ per packet Packet Assembly & Mailing: \$_____ per packet
I. New Member Packet assembly in 9 x 12 in. window envelopes Includes: Welcome Letter on letterhead Member Handbook 5-10 Additional Items Optional Items Include: Provider Directories, Pharmacy Support Materials, Formularies, Wellness Materials *Mailing services include: presorting, imaging, mail prep, and PO drop	Packet Assembly Only: \$_____ per packet Packet Assembly & Mailing: \$_____ per packet
J. Renewal Packet assembly in 9x12 in. window envelope Includes: Welcome Letter on letterhead 50-85 sheets *Mailing services include: presorting, imaging, mail prep, and PO drop	Packet Assembly Only: \$_____ per packet Packet Assembly & Mailing: \$_____ per packet
K. Stuffing #10 window envelopes with ID cards Includes: Welcome Letter, ID cards, Glue (cards are glued directly onto letter prior to stuffing)	\$_____ per 5,000 \$_____ per 15,000 \$_____ per 30,000
L. Copying Services Black on White Copies Black on Color Copies Color Copies Variable Data Letters Stapling Packet Assembly	\$_____ per sheet \$_____ per sheet \$_____ per sheet \$_____ per sheet \$_____ per sheet \$_____ per sheet
M. Web-to-Print Online Services Branded HCG web application Website to provide fulfillment of direct mail, file upload, collateral marketing, material ordering, and tracking/reporting	\$_____ per Web setup
N. Mailing Postage Personalized Letter Insertion and Seal Fee	NA \$_____ per sheet
Metering and Mail Fee	\$_____ per item



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<b>Additional Printing Projects</b>	
<b>O. Production of Postcards</b> 8.5 x 5.5, 100# coated (not glossy) cover, bleeds, 4/4 *Mailing services include: presorting, imaging, mail prep, and PO drop	<b>Printing Only:</b> \$_____ per 20,000 \$_____ per 40,000 \$_____ per 60,000  <b>Including Mailing Services:</b> \$_____ per 20,000 \$_____ per 40,000 \$_____ per 60,000
<b>P. Production of Flyers</b> 8.5 x 11, bleeds, 4/0, 80# dull text	\$_____ per 10,000 \$_____ per 20,000 \$_____ per 30,000
<b>Q. Production of Brochures</b> Tri-fold Brochure: 16.5 x 8.5 (5.5 x 8.5 folded), 100# coated (not glossy) cover, bleeds, 4/4	\$_____ per 20,000 \$_____ per 30,000 \$_____ per 40,000
<b>R. Production of Folders</b> 9 x 12, 4-inch pockets and business card slits on both sides, 2/0, 100# Sterling Ultra Dull Cover	\$_____ per 10,000 \$_____ per 20,000 \$_____ per 30,000
<b>S. Production of Newsletter</b> 22 x 17, 80# Topkote gloss text, folds to 8.5 x 11, 1/1 Blk *Mailing services include: presorting, imaging, mail prep, and PO drop	<b>Printing &amp; Mailing:</b> \$_____ per 7,500 \$_____ per 10,000 \$_____ per 15,000

Note: Assembly, Stuffing & Mailing will be based on annual numbers and estimated charges, to include approximately 2 million sheets per year. Refer to page 6 of the RFP for other volume estimates.

	<b>Uniform Instructions to Offerors</b>		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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1. **Definition of Terms:** As used in within this solicitation document, and any resultant contract, the terms listed below are defined as follows:
  - 1.1 “*AHCCCS*” means an Arizona Health Care Cost Containment System - managed health care program which pertains to health care services provided pursuant to A.R.S. 36-2903 et seq., and is also the name of the State agency.
  - 1.2 “*Attachment*” means any item the Solicitation requires an Offeror to submit as part of the Offer.
  - 1.3 “*Contract*” means the combination of the Solicitation, including the Instructions to Offerors, Contract Terms and Conditions, and Scope of Work; the Offer; any Final Proposal Revisions; any Solicitation Amendments or Contract Amendments; and any terms applied by law.
  - 1.4 “*Contract Amendment*” means a written document signed by the Contracting Officer that is issued for the purpose of making changes in the contract.
  - 1.5 “*Contracting Officer*” means the person duly authorized by AHCCCS to enter into and administer Contracts and make written determinations with respect to the Contract, or his or her designee.
  - 1.6 “*Contractor*” means a person who has a contract with AHCCCS.
  - 1.7 “*Days*” means calendar days unless otherwise specified.
  - 1.8 “*Exhibit*” means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
  - 1.9 “*Gratuity*” means a payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
  - 1.10 “*HCG*” means Healthcare Group of Arizona.
  - 1.11 “*May*” indicates something that is not mandatory but permissible.
  - 1.12 “*Offer*” means bid, proposal or quotation.
  - 1.13 “*Offeror*” means a vendor who responds to a Solicitation.
  - 1.14 “*Shall, Must*” indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
  - 1.15 “*Should*” indicates something that is recommended but not mandatory. If the Offeror fails to provide recommended information, the State may, at its sole option, ask the Offeror to provide the information or evaluate the proposal without the information.

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- 1.16 *"Scope of Work"* means those provisions of this solicitation which specify the work and/or results to be achieved by the Contractor.
- 1.17 *"Solicitation"* means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
- 1.18 *"Solicitation Amendment"* means a written document that is authorized by the Contracting Officer and issued for the purpose of making changes to the Solicitation.
- 1.19 *"Subcontract"* means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
- 1.20 *"State"* means the State of Arizona.

## 2. **Inquiries:**

- 2.1 **Duty to Examine:** It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing, and check its Offer for accuracy before submitting the Offer. Lack of care in preparing an Offer shall not be grounds for withdrawing the Offer after the Offer due date and time, nor shall it give rise to any Contract claim.
- 2.2 **Solicitation Contact Person:** Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation, shall be directed solely to the Solicitation Contact Person. The Offeror shall not contact or direct inquiries concerning this Solicitation to any other State employee unless the Solicitation specifically identifies a person other than the Solicitation Contact Person as a contact.
- 2.3 **Submission of Inquiries:** The Solicitation Contact Person may require that an inquiry, to include exceptions, be submitted in writing. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, page and paragraph. Do not place the Solicitation number on the outside of the envelope containing that inquiry, since it may then be identified as an Offer and not be opened until after the Offer due date and time.
- 2.4 **Timeliness:** Any inquiry, to include exceptions, shall be submitted as soon as possible and at least **by October 13, 2006**. Failure to do so may result in the inquiry not being considered for a Solicitation Amendment.
- 2.5 **No Right to Rely on Verbal Responses:** Any inquiry that results in changes to the Solicitation shall be answered solely through a written Solicitation Amendment. An Offeror may not rely on verbal responses to its inquiries.
- 2.6 **Solicitation Amendments:** The Solicitation shall only be modified by a Solicitation Amendment.

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2.7 Pre-Offer Conference: If a Pre-Offer Conference has been scheduled under this Solicitation, the date, time and location shall appear on the Solicitation cover sheet or elsewhere in the Solicitation. An Offeror should raise any questions they may have about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.

2.8 Persons With Disabilities: Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Solicitation Contact Person. Requests shall be made as early as possible to allow time to arrange the accommodation.

### 3. Offer Preparation:

3.1 Forms: No Facsimile or Telegraphic Offers: An Offer shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document for the forms provided in this Solicitation will be legible and contain the same information requested on the forms. A facsimile, telegraphic, mailgram or electronic mail Offer shall be rejected.

3.2 Typed or Ink; Corrections: The Offer shall be typed or in ink. Erasures, interlineations or other modifications in the Offer shall be initialed in ink by the person signing the Offer. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.



3.3 Evidence of Intent to be Bound: The Offer and Acceptance form within the Solicitation shall be submitted with the Offer and shall include a signature by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of an intent to be bound, such as an original signature, may result in rejection of the Offer.

3.4 Exceptions to Terms and Conditions:



3.4.1 If Offerors take any exception to any term, condition or requirement included in this solicitation document, such exception shall be submitted to the Contract Specialist **by October 13, 2006**. This will allow the Contract Specialist to review all exceptions and, if applicable, afford any approved exceptions to all other potential Offerors.

3.4.2 If an Offeror includes, in their proposal, exceptions, not covered by paragraph 3.4.1, above, such exceptions shall be null, void and without force and shall not be considered, and may negatively affect AHCCCS' proposal evaluation based on the published evaluation criteria or may result in rejection of the proposal.

3.4.3 To the extent they are inconsistent with the terms of the Solicitation, the Offeror's preprinted or standard terms will not be considered by AHCCCS as a part of any resulting Contract.

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- 3.5 Subcontracts: Offeror shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities in the Offer.
- 3.6 Cost of Offer Preparation: AHCCCS will not reimburse any Offeror the cost of responding to a Solicitation.
- 3.7 Solicitation Amendments: Each Solicitation Amendment shall be signed with an original signature by the person signing the Offer, and shall be submitted no later than the Offer due date and time. Failure to return a signed copy of a material Solicitation Amendment may result in rejection of the Offer.
- 3.8 Provision of Tax Identification Numbers: Offerors are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number, if applicable, in the space provided on the Offer and Acceptance Form.
- 3.9 Federal Excise Tax: The State of Arizona is exempt from certain Federal Excise Tax on manufactured goods. Exemption Certificates will be prepared upon request.
- 3.10 Identification of Taxes in Offer: The State of Arizona is subject to all applicable state and local transaction privilege taxes. If Arizona resident Offerors do not indicate tax as a separate item in the offer, the State will conclude that the price(s) offered includes all applicable taxes.
- 3.11 IRS W9 Form: In order to receive payment under any resultant contract, Contractor shall have a current IRS W9 Form on file with the State of Arizona.
- 3.12 Disclosure: If the firm, business or person submitting this Offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided.
- 3.13 Solicitation Order of Precedence: In the event of a conflict in the provisions of this Solicitation, the following shall prevail in the order set forth below:
- 3.13.1 Special Terms and Conditions;
- 3.13.2 Uniform Terms and Conditions;
- 3.13.3 Statement or Scope of Work;

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3.13.4 Specifications;

3.13.5 Attachments;

3.13.6 Exhibits;

3.13.7 Special Instructions to Offerors, and

3.13.8 Uniform Instructions to Offerors.

3.14 **Delivery:** Unless otherwise stated in the Contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.

#### **4. Submission of Offer:**

4.1 **Sealed Envelope or Package:** Each Offer shall be submitted to the submittal location identified in this Solicitation, in a sealed envelope or package that identifies its contents as an Offer and the Solicitation number to which it responds. The appropriate Solicitation number shall be plainly marked on the outside of the envelope or package.

4.2 **Offer Amendment or Withdrawal:** An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided under applicable law.

4.3 **Public Record:** Under applicable law, all Offers submitted and opened are public records and must be retained by AHCCCS. Offers shall be open to public inspection after Contract award, except for such portions of an Offer deemed to be confidential by AHCCCS.



4.4 **Non-collusion, Employment, and Services:** By signing the Offer and Acceptance Form or other official contract form, the Offeror certifies that:

4.4.1 It did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and

4.4.2 It does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with all applicable federal, state and local laws and executive orders regarding employment.

#### **5. Evaluation:**



5.1 **Unit Price Prevails:** Where applicable, in the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.

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- 5.2 **Taxes.** Arizona transaction privilege and use taxes shall not be considered when evaluating Offers.
- 5.3 **Late Offers:** An Offer submitted after the exact Offer due date and time shall be rejected.
- 5.4 **Disqualification:** The Offer of an Offeror who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity shall be rejected.
- 5.5 **Offer Acceptance Period:** An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the Solicitation. If the Solicitation does not specifically state a number of days for Offer acceptance, the number of days shall be ninety (90). If a Final Proposal Revision is requested pursuant to a Request for Proposals, an Offeror shall hold its Offer open for ninety (90) days from the Final Proposal Revision due date.
- 5.6 **Payment:** Payment shall comply with the requirement of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt of goods or services, the contractor shall submit a complete and accurate invoice for payment from AHCCCS within thirty (30) days.
- 5.7 **Waiver and Rejection Rights:** Notwithstanding any other provision of the Solicitation, AHCCCS reserves the right to:
- 5.7.1 Waive any minor informality;
- 5.7.2 Reject any and all Offers or portions thereof; or
- 5.7.3 Cancel a Solicitation.

## 6. **Award:**

- 6.1 **Number or Types of Awards:** Where applicable, AHCCCS reserves the right to make multiple awards or to award a Contract by individual line items or alternatives, by group of line items or alternatives, or to make an aggregate award, whichever is deemed most advantageous to AHCCCS. If the Contracting Officer determines that an aggregate award to one Offeror is not in AHCCCS' best interest, "all or none" Offers shall be rejected.
- 6.2 **Contract Inception:** An Offer does not constitute a Contract nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the Contracting Officer's signature on the Offer and Acceptance Form. A notice of award or of the intent to award shall not constitute acceptance of the Offer.
- 6.3 **Effective Date:** The effective date of this Contract shall be the date that the Contracting Officer signs the Offer and Acceptance form or other official contract form, unless another date is specifically stated in the Contract.

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**7. Confidential Information:**

- 7.1 If a person believes that a portion of a bid, proposal, offer, specification, or protest contains information that should be withheld due to confidentiality, the Contracting Officer shall so be notified. A detailed statement, presented as a cover letter, shall both identify those specific areas considered confidential and also state the specific harm or prejudice which may arise if disclosed.
- 7.2 The information identified by the person as confidential shall not be disclosed until the Contracting Officer makes a written determination. The Contracting Officer shall review the statement and information and shall determine in writing whether the information shall be withheld.
- 7.3 If so approved, such confidential information shall be removed from the public record and kept sealed in a separate envelope marked "Confidential." Such information will not be made available to the public.
- 7.4 An entire bid, proposal, offer, specification, or protest shall not be identified as confidential; only those portions which are considered proprietary, trade secrets or patented information. Pricing shall not be considered as confidential.



**8. Contract Applicability:** Any contract resulting from this solicitation shall be for the exclusive use of AHCCCS.

**9. Electronic Documents:** AHCCCS may provide an electronic version of this procurement document. Any unidentified alteration or modification to the original document (or to any Exhibit contained therein) issued by AHCCCS shall be null and void. In those instances where modifications are identified, the original document issued by the State shall take precedence.



**10. Proposal Opening:** Proposals shall be opened on the date and time, and at the place designated on the cover page of this document, unless amended in writing by the state agency issuing the solicitation.

**11. Protests:** A protest shall comply with and be resolved according to Arizona Revised Statutes Title 41, Chapter 23, Article 9 and the Arizona Administrative Code Title 2, Chapter 7, Article 9, Rules R2-7-901 through R2-7-937. It shall be in writing and be filed with the AHCCCS Contracting Officer and with the State Procurement Administrator. A protest of a solicitation shall be received by the AHCCCS Contracting Officer before the offer due date. A protest of a proposed award or of an award shall be filed within ten (10) days after the protester knows or should have known the basis of the protest. A protest shall include:



- 11.1 The name, address and telephone number of the protester;
- 11.2 The signature of the protester or its representative;
- 11.3 Identification of the purchasing agency and the solicitation or contract number;

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11.4     A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and the form of relief requested.

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1. **Offeror's Contacts:** All questions concerning this Request for Proposal, including technical specifications, proposal process, etc. shall be directed to the Solicitation Contact Person, identified on the first page of this solicitation document. All questions shall be in writing and submitted either via e-mail (preferred) or telefax. Contact information is found on the front page of this document. Offerors may not contact other AHCCCS employees concerning this solicitation.
  
2. **Evaluation Criteria:** Evaluation criteria are listed in the relative order of importance. The evaluation will be conducted in accordance with an established evaluation plan. The award(s) will be made to the responsible Offeror whose proposal is determined to be the most advantageous to AHCCCS, based on the following criteria:
  - 2.1 Experience and Expertise of the Firm
  - 2.2 Quality Control
  - 2.3 Cost
  - 2.4 Experience and Expertise of Key Personnel
  
3. **Proposal Information:** Offeror is to submit their proposal with one (1) original and four (4) copies (for a total of five (5) sets) in the format as contained in this RFP. **The original copy of the proposal should be clearly labeled "ORIGINAL."** The material should be in sequence and related to the RFP. AHCCCS will not provide any reimbursement for the cost of developing or presenting proposals in response to this RFP. Failure to include the requested information may have a negative impact on the evaluation of the Offeror's proposal. The proposal should include at least the following information:
  - 3.1 **Experience and Expertise of the Firm:**
    - 3.1.1 The Offeror's experience and past performance will be evaluated on the extent of its success in managing and integrating work relevant to that defined in the Scope of Work. Therefore, the Offeror is advised to submit any and **all information which documents successful and reliable experience in past performances as related to this RFP.**
    - 3.1.2 The Offeror should describe and provide examples of the firm's ability and past experience in providing **speed, accuracy, quality and excellent service.**
    - 3.1.3 References: References should be verifiable and be able to comment on the Offeror's related experience. The Offeror should submit, at a minimum, **three (3) professional services references** which would demonstrate the Offeror possesses an understanding of and the experience in providing the required service. As these references may be checked, insure all information is current, accurate and prior permission to use is obtained from each reference. This information may be shown on the form attached as Exhibit C to this RFP or in a similar manner.

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3.1.4 The Offeror should provide **an organizational chart** which clearly shows the reporting and lines of authority, to include all proposed key personnel and any proposed subcontractors. The organizational chart should identify the prime point of contact between the Offeror and the HCG Project Manager.

3.1.5 Offeror must provide notification of any items listed in the Scope of Work that will be outsourced, to include outsourced vendor's contact information, experience and capability confirmation.

3.1.6 The type of machinery utilized is often indicative of the ability to print a quality product in a timely manner; as such, the Offeror must provide a complete list of their **on-site printing equipment**. If the Offeror intends to outsource any projects detailed in the Scope of Work, a list of equipment housed by the selected outsourced vendor is required.

3.2 **Quality Control:** The Offeror's quality control measures will be evaluated for accuracy. The Offeror is advised to provide examples that demonstrate its quality control measurements (e.g., how does the firm ensure its variable mailings are correct?).

3.3 **Cost:** The evaluation of the category of Cost shall be based on the prices, as indicated on the Pricing Schedule submitted with Offeror's proposal.



3.4 **Experience and Expertise of Key Personnel:**

3.4.1 The Offeror should provide **a list of the names and assigned positions for all proposed key personnel**; clerical staff is not considered key personnel. The use of Exhibit A is furnished for the Offeror's use in presenting such information.

3.4.2 The Offeror should provide **a resume for each proposed key person**, which substantiates the key person possesses the experience and expertise to provide the assigned tasks and responsibilities. Each resume should include a description of the type and years of experience, training and other pertinent qualifications. Resumes should be no longer than four (4) pages each. The use of Exhibit B, "Resumes for Key Personnel," may be used to assist the Offeror.

3.4.3 The Offeror may submit any other pertinent information which would substantiate each proposed key person possesses the experience, expertise and capability to provide the assigned services.

3.5 **Additional Information:** The Offeror may submit any other pertinent information which would substantiate the Offeror has the experience, expertise and capability to provide the required services.

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**4. Offshore Performance of Work Prohibited:**

Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or “overhead” services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers. Offerors shall declare all anticipated offshore services in the proposal.

**5. Offeror's Financial Disclosure:** The Offeror should complete **Exhibit D, “Offeror's Financial Disclosure.”**

**6. Offeror's Checklist:** The Offeror should complete **Exhibit E, “Offeror's Checklist.”**

**7. HIPAA Business Associate Addendum:** As protected health information, as defined in 45 CFR 164.501, may be made available to the selected vendor, this Addendum is part of the Contract.



**8. Offeror's Responsibility:** The Offeror is cautioned that it is the Offeror's sole responsibility to submit information related to the evaluation categories and that the State of Arizona is under no obligation to solicit such information if it is not included with the Offeror's proposal. Failure of the Offeror to submit such information may cause an adverse impact on the evaluation of the Offeror's proposal.

**9. Clarifications:** Clarifications may be requested from offerors at any time after receipt of offers. Clarifications may be requested orally or in writing. If clarifications are requested orally, the offeror shall confirm the request in writing. A request for clarifications shall not be considered a determination that the offeror is susceptible for award.

**10. Negotiations:** In accordance with R2-7-C314, if negotiations are conducted, negotiations shall be conducted with all offerors determined to be in the competitive range or reasonably susceptible for award. Award may be made without negotiations; therefore, offers should be submitted complete and on most favorable terms.

**11. Additional Information for Submittal of Proposal:**

- 11.1 It is the responsibility of each Offeror to insure their proposal is delivered to AHCCCS by the due date and time. Allow for such contingencies as heavy traffic, weather, directions to submittal location, parking, common carriers not delivering as requested, etc. AHCCCS shall not accept late proposals past the due date and time.
- 11.2 AHCCCS is not responsible for supplying boxes, envelopes, tape, etc. to Offerors at time of proposal delivery.
- 11.3 When submitting your proposal to AHCCCS, insure your company name and the Request for Proposal solicitation number is clearly marked on the outside of the envelope/package.



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**12. Value in Procurement:**



Through the Governor's Efficiency Review initiative the Value in Procurement Committee has been established. A major initiative of the VIP Committee is to aggregate specific procurements to increase efficiency and cut costs. The VIP Committee may designate and establish a statewide contract for these types of goods or services. At such time, this contract may not be extended beyond its current term, although additional contract extensions may still be available.

**13. Federal Immigration and Nationality Act:**



By submission of the offer, the Offeror warrants that both it and all proposed subcontractors are and shall remain in compliance with all federal, state and local immigration laws and rules relating to the immigration status of their employees. The State may, at its sole discretion, require evidence of compliance during the evaluation process. Should the State request evidence of compliance, the Offeror shall have 5 days from receipt of the request to supply adequate information. Failure to comply with this instruction or failure to supply requested information within the timeframe specified shall result in the offer not being considered for contract award.

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1. **Advertising and Promotion of Contract:** The Contractor shall not advertise or publish information for commercial benefit concerning this contract without the prior written approval of the Contracting Officer.
2. **Amendments:** This Contract is issued under the authority of the Contracting Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract unless otherwise permitted by the Special Terms and Conditions. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized State employee or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.
3. **Arizona Law:** The law of Arizona applies to this contract including, where applicable, the Uniform Commercial Code, as adopted in the State of Arizona.
4. **Arizona Procurement Code:** The Arizona Procurement Code, A.R.S. Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code Title 2, Chapter 7, is a part of this Contract as if fully set forth in it.
5. **Assignment and Delegation:** The Contractor shall not assign any right nor delegate any duty under this contract without prior written approval of the Contracting Officer, who will not unreasonably withhold such approval.
6. **Audits and Inspections:**
  - 6.1 The Contractor shall comply with all provisions specified in A.R.S. 35-214 and 35-215 and AHCCCS policies and procedures relating to the audit of Contractor's records and the inspection of Contractor's facilities. Contractor shall fully cooperate with AHCCCS staff and allow them reasonable access to Contractor's staff, subcontractors, members, and records.
  - 6.2 At any time during the term of this contract, and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by AHCCCS and, where applicable, the federal government, to the extent that the books and records relate to the performance of the contract or subcontracts.
  - 6.3 AHCCCS and the federal government may evaluate through on-site inspection or other means, the quality, appropriateness and timeliness of services performed under this contract.
7. **Availability of Funds for the Next Fiscal Year:** Funds may not presently be available for performance under this Contract beyond the current fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current fiscal year until funds are made available for performance of this Contract. The State shall make reasonable efforts to secure such funds.

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8. **Cancellation for Conflict of Interest:** Pursuant to A.R.S. 38-511, AHCCCS may cancel this contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of AHCCCS is or becomes at any time, while the Contract or an extension of the Contract is in effect, an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation, unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. 38-511.
9. **Compliance with Applicable Laws:** The materials and services supplied under this Contract shall comply with all applicable federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements.
10. **Contract Claims:** All contract claims or controversies under this contract shall be resolved according to A.A.C. Title 9, Chapter 34 and rules adopted thereunder.
11. **Contract Order of Precedence:** In the event in the provisions of the contract, as accepted by AHCCCS and as they be amended, the following shall prevail in the order set forth below:
- 11.1 Special Terms and Conditions;
  - 11.2 Uniform Terms and Conditions;
  - 11.3 Statement or Scope of Work;
  - 11.4 Specifications;
  - 11.5 Attachments;
  - 11.6 Exhibits;
  - 11.7 Documents, referenced or included in the solicitation.
  - 11.8 Terms and conditions of the accepted offer.
12. **Contractor's Representations and Warranties:** All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.
13. **Delivery:** Unless stated otherwise in the contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.

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- 14. Exclusions:** Except as otherwise set forth in this Contract, there are no express or implied warranties of merchantability or fitness.
- 15. Fitness.** The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.
- 16. Force Majeure:**
- 16.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.
- 16.2 Force Majeure shall not include the following occurrences:
- 16.2.1 Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;
- 16.2.2 Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or
- 16.2.3 Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.
- 16.3 If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.
- 16.4 Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

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17. **Gratuities:** The Contracting Officer may, by written notice to the Contractor, immediately terminate this contract if it determines that employment or a gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of AHCCCS for the purpose of influencing the outcome of the procurement or securing the contract, an amendment to the contract, or favorable treatment concerning the contract, including the making of any determination or decision about contract performance. The Contracting Officer, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the gratuity offered by the Contractor.
18. **Implied Contract Terms:** Each provision of law and any terms required by law to be in this contract are a part of this contract as if fully stated in it.
19. **Indemnification -- Patent and Copyright:** The Contractor shall defend, indemnify and hold harmless AHCCCS against any liability including costs and expenses for infringement of any patent, trademark or copyright arising out of contract performance or use by AHCCCS of materials furnished or work performed under this contract. The Contracting Officer shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph.
20. **Indemnification**
- 20.1 Contractor/Vendor Indemnification (Not Public Agency)
- The parties to this contract agree that the State of Arizona, its departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its departments, agencies, boards and commissions shall be responsible for its own negligence. Each party to this contract is responsible for its own negligence
- 20.2 Public Agency Language Only
- Each party (“as indemnitor”) agrees to indemnify, defend, and hold harmless the other party (as indemnitee”) from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney’s fees) (hereinafter collectively referred to as ‘claims’)\_arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.
21. **Inspection/Testing:** The contractor agrees to permit access to its facilities, subcontractor facilities and the contractor's processes for producing the materials, at reasonable times for inspection of the materials covered under this contract. AHCCCS shall also have the right to test at its own cost the materials to be supplied under this contract. Neither inspection at the contractor's facilities nor testing shall constitute final acceptance of the materials. If AHCCCS determines non-compliance of the materials, the contractor shall be responsible for the payment of all costs incurred by AHCCCS for testing and inspection.

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22. **IRS W9 Form:** In order to receive payment under any resulting contract, the contractor shall have a current IRS W9 Form on file with the State of Arizona.
23. **Liens:** The Contractor warrants that the materials supplied under this contract are free of liens.
24. **No Parole Evidence:** This contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any term used in this contract.
25. **No Waiver:** Either party's failure to insist on strict performance of any term or condition of the contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it.
26. **Nonconforming Tender:** Materials supplied under this contract shall fully comply with the contract. The delivery of materials or a portion of the materials in an installment that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials, AHCCCS may terminate the contract for default under applicable termination clauses in the contract, exercise any of its rights and remedies under the Uniform Commercial Code or pursue any other right or remedy available to it.
27. **Non-Discrimination:** The Contractor shall comply with State Executive Order No. 99-4, which mandates that all persons, regardless of race, color, religion, sex, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable federal and state laws, rules and regulations, including the Americans with Disabilities Act. The Contractor shall take positive action to ensure that applicants for employment, employees, and persons to whom it provides service are not discriminated against due to race, creed, color, religion, sex, national origin or disability.
28. **Non-exclusive Remedies:** The rights and the remedies of AHCCCS under this contract are not exclusive.
29. **Notices:** Notices to the Contractor required by this Contract shall be made by the Contracting Officer to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to AHCCCS required by the Contract shall be made by the Contractor to the Contracting Officer. An authorized Contracting Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice and an amendment to the Contract shall not be necessary.
30. **Offshore Performance of Work Prohibited:** Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or "overhead" services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

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31. **Payments:** The Contractor shall be paid as specified in the Contract. Payment must comply with requirements of A.R.S. Title 35.
32. **Payment of Taxes by AHCCCS:** AHCCCS shall pay only the rate and/or amount of taxes identified in the Offer and in any resulting contract.
33. **Purchase Orders:** The contractor shall, in accordance with all terms and conditions of the contract, fully perform and shall be obligated to comply with all purchase orders received by the contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Contracting Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this contract.
34. **Property of AHCCCS:** Any materials, including reports, computer programs and other deliverables, created under this contract are the sole property of AHCCCS. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the Contracting Officer.
35. **Records:** Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other records (“records”) relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records at no cost to the State.
36. **Relationship of Parties:** The Contractor under this contract is an independent contractor. Neither party to this contract shall be deemed to be the employee or agent of the other party to the contract.
37. **Risk of Loss:** The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.
38. **Right of Offset:** AHCCCS shall be entitled to offset against any amounts due the Contractor any expenses or costs incurred by AHCCCS concerning the Contractor's non-conforming performance or failure to perform the contract, including expenses, costs and damages described in the proceeding paragraphs.
39. **Right to Assurance:** If AHCCCS, in good faith, has reason to believe that the Contractor does not intend to perform or continue performing this contract, the Contracting Officer may demand in writing that the Contractor give a written assurance of intent to perform. The demand shall be sent to the Contractor by certified mail, return receipt required. Failure by the Contractor to provide written assurance within the number of days specified in the demand may, at the Contracting Officer's option, be the basis for terminating the contract.

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- 40. Severability:** The provisions of this contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the contract, which may remain in effect without the invalid provision, or application.
- 41. State and Local Transaction Privilege Taxes:** AHCCCS is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect taxes from the buyer does not relieve the seller from its obligation to remit taxes.
- 42. Stop Work Order:**
- 42.1 AHCCCS may, at any time, by written order to the Contractor, require the Contractor to stop all or any part of the work called for by this Contract for a period of ninety (90) days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.
- 42.2 If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.
- 43. Subcontracts:** The contractor may, with the consent of the Contracting Officer, enter into written subcontract(s) for performance of certain of its functions under the contract. Subcontractors must be approved in writing by the Contracting Officer to the effective date of any subcontract.
- 43.1 No subcontract which the contractor enters into with respect to performance under the contract shall in any way relieve the contractor of any responsibility for performance of its duties.
- 43.2 The contractor shall give the Contracting Officer immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the contractor by any subcontractor or vendor which in the opinion of the contractor may result in litigation related in any way to the contract with AHCCCS.
- 44. Suspension or Debarment:** The Contracting Officer may, by written notice to the Contractor, immediately terminate this Contract if the Contracting Officer or the State determine that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body.

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- 45. Tax Indemnification:** The contractor and all subcontractors shall pay all federal, State and local taxes applicable to its operation and any persons employed by the contractor. Contractor shall, and require all subcontractors, to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal and/or State and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.
- 46. Termination for Convenience:** The Contracting Officer reserves the right to terminate the contract in whole or in part at any time when in the best interests of AHCCCS without penalty or recourse. The Contracting Officer shall give written notice by certified mail, return receipt requested, to the Contractor of the termination at least ninety (90) days before the effective date of the termination. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the contract shall become the property of and be delivered to the Contracting Officer. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R 2-7-701 shall apply.
- 47. Termination for Default:**
- 47.1 The Contracting Officer reserves the right to terminate this contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or failure to take corrective action as required by the Contracting Officer to comply with the terms of the contract. If the Contractor is providing services under more than one contract with AHCCCS, the Contracting Officer may deem unsatisfactory performance under one contract to be cause to require the Contractor to provide assurance of performance under any and all other contracts. In such situations, the Contracting Officer reserves the right to seek remedies under both actual and anticipatory breaches of contract if adequate assurance of performance is not received. The Contracting Officer shall mail written notice of the termination and the reason(s) for it to the Contractor by certified mail, return receipt requested.
- 47.2 In the event the Contractor requests a hearing prior to termination, AHCCCS is required by the Balanced Budget Act of 1997 to oversee the operation of the Contractor entity through appointment of temporary management prior to the hearing.
- 47.3 Upon termination under this paragraph, all documents, data, and reports prepared by the Contractor under the contract shall become the property of and be delivered to the Contracting Officer on demand.
- 47.4 The Contracting Officer may, upon termination of this contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this contract. The Contractor shall be liable for any excess costs incurred by AHCCCS in procuring the materials or services in substitution for those due from the Contractor.

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48. **Third Party Antitrust Violations:** The Contractor assigns to AHCCCS any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor toward fulfillment of this contract.
49. **Arbitration** The Parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).



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1. **Assignment of Contract and Bankruptcy:** This contract is voidable and subject to immediate cancellation by the Contracting Officer upon Contractor becoming insolvent or filing proceedings in bankruptcy or assigning rights or obligations under this contract without the prior written consent of the Contracting Officer.
2. **Authority to Contract:** This contract is issued under the authority of the Contracting Officer who signed this contract. Changes to the contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized state employee or made unilaterally by the Contractor are violations of the contract and of applicable law. Such changes, including unauthorized written contract amendments, shall be void and without effect, and the Contractor shall not be entitled to any claim under this contract based on those changes.
3. **Choice of Forum:** The parties agree that jurisdiction over any action arising out of or relating to this contract shall be brought or filed in a court of competent jurisdiction located in the State of Arizona.
4. **Continuation of Performance Through Termination:** The contractor shall continue to perform, in accordance with the requirements of the contract, up to the date of termination, as directed in the termination notice.
5. **Conflict of Interest:** The Contractor shall not undertake any work that represents a potential conflict of interest, or which is not in the best interest of AHCCCS or the State without prior written approval by AHCCCS. The Contractor shall fully and completely disclose any situation that may present a conflict of interest. If the Contractor is now performing or elects to perform during the term of this contract any services for any AHCCCS health plan, provider or Contractor or an entity owning or controlling same, the Contractor shall disclose this relationship prior to accepting any assignment involving such party.
6. **Contract Cancellation (Immediate):** This contract is critical to AHCCCS and the agency reserves the right to immediately cancel the whole or any part of this contract due to failure of the contractor to carry out any material obligation, term or condition of the contract. The Contracting Officer shall issue a written notice of default effective at once and not deferred by any interval of time. Default shall be for acting or failing to act in any of the following:
  - 6.1 The contractor provides material that does not meet the specifications of the contract;
  - 6.2 The contractor fails to adequately perform the services set forth in the specifications of the contract;
  - 6.3 The contractor fails to complete the work required or furnish the materials required within the time stipulated in the contract;
  - 6.4 The contractor fails to make progress in the performance of the contract and/or gives the Contracting Officer reason to believe that the contractor will not or cannot perform to the requirements of the contract.
  - 6.5 The Contracting Officer may resort to any single or combination of the following remedies:

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- 6.5.1 Cancel any contract;
- 6.5.2 Reserve all rights or claims to damage for breach of any covenants of the contract;
- 6.5.3 Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the contractor.
- 6.5.4 In case of default, the Contracting Officer reserves the right to purchase materials or to complete the required work in accordance with the Arizona Procurement Code. The Contracting Officer may recover reasonable excess costs from the contractor by:
  - 6.5.4.1 Deduction from an unpaid balance;
  - 6.5.4.2 Collection against the bid and/or performance bond; or
  - 6.5.4.3 Any combinations of the above or any other remedies as provided by law.

- 7. **Contract Disputes:** Contract disputes arising under A.R.S. § Title 36, Chapter 29 shall be adjudicated in accordance with AHCCCS Rules.
- 8. **Cooperation with other Contractors:** AHCCCS may award other contracts for additional work related to this contract and Contractor shall fully cooperate with such other contractors and AHCCCS employees or designated agents, and carefully fit its own work to such other contractors' work. Contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by AHCCCS employees.
- 9. **Confidentiality of Records:** The contractor shall establish and maintain procedures and controls that are acceptable to AHCCCS for the purpose of assuring that no information contained in its records or obtained from AHCCCS or others carrying out its functions under the contract, shall be used or disclosed by it, its agents, officers or employees, except as required to efficiently perform duties under the contract. Persons requesting such information shall be referred to AHCCCS. The contractor also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of the contractor as needed for the performance of duties under the contract, unless otherwise agreed to, in writing, by AHCCCS.
- 10. **Covenant Against Contingent Fees:** The Contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For violation of this warranty, the Contracting Officer shall have the right to annul this contract without liability.

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**11. Contract:**

11.1 The contract between AHCCCS and the contractor shall consist of (1) the Request for Proposal (RFP) and any amendments thereto, and (2) the proposal submitted by the contractor in response to the RFP. In the event of a conflict in language between the two documents referenced, the provisions and requirements set forth and/or referenced in the RFP shall govern. However, AHCCCS reserves the right to clarify any contractual relationship in writing, and such written clarification shall govern in case of conflict with the applicable requirements stated in the RFP or the contractor's proposal. In all other matters not affected by the written clarification, if any, the RFP shall govern.

11.2 The contract shall be construed according to the laws of the State of Arizona. The State of Arizona is not obligated for the expenditures under the contract until funds have been encumbered.



**12. Disclosure of Confidential Information:** The Contractor shall not, without prior written approval from the Contracting Officer, either during or after the performance of the services required by this contract, use, other than for such performance, or disclose to any person other than AHCCCS personnel with a need to know, any information, data, material, or exhibits created, developed, produced, or otherwise obtained during the course of the work required by this contract. This nondisclosure requirement shall also pertain to any information contained in reports, documents, or other records furnished to the Contractor by AHCCCS.

**13. Effective Date:** The effective date of this contract shall be the date that the Contracting Officer signs the Offer and Award page of this document.

**14. Employees of the Contractor:** All employees of the Contractor employed or in performance of work under this Contract shall be employees of the Contractor at all times and not of AHCCCS. The Contractor shall comply with the Social Security Act, Workers' Compensation laws and unemployment laws of the State of Arizona as well as federal, state and local legislation relevant to the Contractor's business.

**15. Federal Immigration and Nationality Act:**

The Contractor shall comply with all federal, state, and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the Contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of Contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the Contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to: suspension of work, termination of the contract for default, and suspension and/or debarment of the Contractor.

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**16. Fraud and Abuse:**

- 16.1 It shall be the responsibility of the Contractor to report all cases of suspected fraud and abuse by subcontractors, members or employees. The Contractor shall provide written notification of all such incidents to the Contracting Officer.
- 16.2 As stated in A.R.S. § 13-2310, incorporated herein by reference, any person who knowingly obtains any benefit by means of false or fraudulent pretenses, representations, promises or material omissions is guilty of a class 2 felony.
- 16.3 Contractors are required to research potential overpayments identified by a fraud and abuse investigation or audit conducted by AHCCCS. After conducting a cost benefit analysis to determine if such action is warranted, the Contractor should attempt to recover any overpayments identified due to erroneous, false or fraudulent billings.



**17. Incorporation by Reference:** This solicitation and all attachments and amendments, the Contractor's proposal, final proposal revision accepted by the Contracting Officer, and any approved subcontracts are hereby incorporated by reference into the contract.

**18. Independent Contractor:** The contractor represents himself/herself to be an independent contractor offering such services to the general public and shall not represent himself/herself or his/her employees to be an employee of the State of Arizona and/or AHCCCS. Therefore, the contractor shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers compensation, employee insurance, etc.



**19. Key Personnel:** It is essential that the contractor provide an adequate staff of experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this contract. The contractor must assign specific individuals to the key positions. Once assigned to work under the contract, key personnel shall not be removed or replaced without the prior written approval of AHCCCS' authorized representative and a copy to the Contracting Officer of record.

**20. Licenses:** Contractor shall maintain in current status all federal, state and local licenses and permits required for the operation of the business conducted by the contractor.

**21. Lobbying:** No funds paid to the Contractor by AHCCCS, or interest earned thereon, shall be used for the purpose of influencing or attempting to influence an officer or employee of any federal or State agency, a member of the United States Congress or State Legislature, an officer or employee of a member of the United States Congress or State Legislature in connection with awarding of any federal or State contract, the making of any federal or State grant, the making of any federal or State loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal or State contract, grant, loan, or cooperative agreement. The Contractor shall disclose if any funds other than those paid to the Contractor by AHCCCS have been used or will be used to influence the persons and entities indicated above and will assist AHCCCS in making such disclosures to CMS.

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22. **No Guaranteed Quantities:** AHCCCS does not guarantee the Contractor any minimum or maximum quantity of services or goods to be provided under this contract.
23. **Non-exclusive Contract:** Any contract resulting from this solicitation shall be awarded with the understanding and agreement that it is for the sole convenience of AHCCCS. The state reserves the right to obtain like goods or services from another source when necessary.
24. **Other Contracts:** AHCCCS may undertake or award other contracts for additional or related work and the contractor shall fully cooperate with such contractors and state employees and carefully fit his own work to such additional work. The contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by state employees. AHCCCS shall equitably enforce this section to all contractors to prevent the imposition of unreasonable burdens on any contractor.
25. **Ownership of Information and Data:**
- 25.1 Any data or information system, including all software, documentation and manuals, developed by Contractor pursuant to this contract, shall be deemed to be owned by AHCCCS. The federal government reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for federal government purposes, such data or information system, software, documentation and manuals. Proprietary software which is provided at established catalog or market prices and sold or leased to the general public shall not be subject to the ownership or licensing provisions of this section.
- 25.2 Data, information and reports collected or prepared by Contractor in the course of performing its duties and obligations under this contract shall be deemed to be owned by AHCCCS. The ownership provision is in consideration of Contractor's use of public funds in collecting or preparing such data, information and reports. These items shall not be used by Contractor for any independent project of Contractor or publicized by Contractor without the prior written permission of the Contracting Officer. Subject to applicable state and federal laws and regulations, AHCCCS shall have full and complete rights to reproduce, duplicate, disclose and otherwise use all such information. At the termination of the contract, Contractor shall make available all such data to the Contracting Officer within thirty (30) days following termination of the contract or such longer period as approved by the Contracting Officer. For purposes of this subsection, the term "data" shall not include member medical records.
- 25.3 Except as otherwise provided in this section, if any copyrightable or patentable material is developed by Contractor in the course of performance of this contract, the federal government, AHCCCS and the State of Arizona shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for state or federal government purposes. Contractor shall additionally be subject to the applicable provisions of 45 CFR Part 74 and 45 CFR Parts 6 and 8.
26. **Responsibility for Payments Indemnification:** The contractor shall be responsible for issuing payment for services performed by the contractor's employees and will indemnify and save AHCCCS harmless for all claims whatsoever growing out of the lawful demands of employees, subcontractors, suppliers or any other third party incurred in the furtherance of the performance of the contract. The contractor shall, at AHCCCS'

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request, furnish satisfactory evidence that all obligations of the nature hereinabove designated have been paid, discharged or waived.



**27. Term of Contract and Option to Renew:**

- 27.1 The initial term of this contract shall be for one (1) initial year with four (4) one-year options to extend, not to exceed a total contracting period of five (5) years. The terms and conditions of any such contract extension shall remain the same as the original contract, as amended. All contract extensions shall be through contract amendment, and shall be at the sole option of AHCCCS.
- 27.2 When the Contracting Officer issues an amendment to extend the contract, the provisions of such extension will be deemed to have been accepted 60 days after the date of mailing by the Contracting Officer, even if the extension amendment has not been signed by the Contractor, unless within that time the Contractor notifies the Contracting Officer in writing that it refuses to sign the extension amendment. If the Contractor provides such notification, the Contracting Officer will initiate contract termination proceedings.
- 27.3 If the Contractor chooses not to renew this contract, the Contractor may be liable for certain costs associated with the transition of its members to a different Contractor. If the Contractor provides the Contracting Officer written notice of its intent not to renew this contract at least 180 days before its expiration, this liability for transition costs may be waived by the Contracting Officer.

- 28. Termination - Availability of Funds:** Funds are not presently available for performance under this contract beyond the current fiscal year. No legal liability on the part of AHCCCS for any payment may arise under this contract until funds are made available for performance of this contract. AHCCCS shall make reasonable efforts to secure such funds.

- 29. Type of Contract:** Firm Fixed-Price.



- 30. Warranty of Services:** The Contractor warrants that all services provided under this contract will conform to the requirements stated herein. AHCCCS' acceptance of services provided by the Contractor shall not relieve the Contractor from its obligations under this warranty. In addition to its other remedies, the Contracting Officer may, at the Contractor's expense, require prompt correction of any services failing to meet the Contractor's warranty herein. Services corrected by the Contractor shall be subject to all of the provisions of this contract in the manner and to the same extent as the services originally furnished.

	<b>Exhibit A - Key Personnel</b>		  701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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**KEY PERSONNEL**

NAME OF KEY PERSON	TITLE



NOTE: Attach a resume for each individual, as required in the Special Instructions to Offerors.

	<b>Exhibit B - Resumes for Key Personnel</b>		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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1. Complete a separate resume for each key person who will be proposed to provide the services as required in the Scope of Work. Each resume should, at a minimum, contain at least the following information:
  - 1.1 Name of person;
  - 1.2 Proposed position for contract service;
  - 1.3 Position currently held in Offeror's firm;
  - 1.4 Number of years with Offeror's firm;
  - 1.5 Number of years experience providing services being procured by this solicitation;
  - 1.6 Job related training;
  - 1.7 Education;
  - 1.8 Qualifications;
  - 1.9 Previous related experience with large local, state or federal government agencies;
  - 1.10 Certifications;
  - 1.11 Membership in professional organizations;
  - 1.12 Primary functions person will fulfill under this Contract;
  - 1.13 If person will not be assigned exclusively to this Contract, what percentage of time will person be assigned to this Contract, and
  - 1.14 Any additional information which would substantiate the key person possesses the experience, expertise and knowledge to provide the proposed services.

	<b>Exhibit C - Firm's References</b>		  701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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1. References should be verifiable and should be able to comment on the firm's related experience. The Offeror should submit a minimum of three (3) similar size and scope professional references for organizations your company has provided services. Each reference should provide at least the following information:
  - 1.1 Name, address and telephone number of Contracting Agency or Company;
  - 1.2 Contact Person who may be contacted for verification of all information submitted;
  - 1.3 Location of Services;
  - 1.4 Name of all key personnel and sub-contractors used;
  - 1.5 Start and completion date of work performed, and
  - 1.6 Detailed written narrative of the specific services performed.

	<b>Exhibit D - Offeror's Financial Disclosure</b>		 701 East Jefferson, MD 5700Phoenix, Arizona 85034
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**OFFEROR'S FINANCIAL DISCLOSURE**



*Instructions: Complete each item, using attachments where necessary. If attachments are used, indicate the item number and question being referenced as it appears below.*

	<u>YES</u>	<u>NO</u>
A. Does the Offeror's organization prepare a public annual financial statement? <b>If yes, provide a copy of the most recent annual financial statement. If no, provide your most recent unaudited financial statement.</b>	_____	_____
B. Is your organization audited by an independent auditor? If yes, answer 1 through 4.	_____	_____
1) How often are audits conducted? _____		
2) By whom are they conducted? _____		
3) Are management letters or internal controls issued by the auditing firm?	_____	_____
4) Does your organization have any uncorrected audit exceptions?	_____	_____
C. Are there any suits, judgments, tax deficiencies or claims pending against your organization? If yes, answer 1 and 2	_____	_____
1) What is the dollar amount? _____		
2) In which state(s)? _____		
D. Has the Offeror's organization ever gone through bankruptcy?	_____	_____

	<b>Exhibit E - Offeror's Checklist</b>		
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**Note to Prospective Offerors:** This Exhibit has been added to this RFP as a convenience to Offerors. It is believed to be a complete listing of all submission requirements pursuant to this RFP. However, if a requirement is stated anywhere in the RFP text, yet does not appear in the Offeror's Checklist, the text statement takes precedence over the omission of that requirement in the Offeror's Checklist. **Place checkmarks to the left of each item and provide your page number to the right.**

Requirement #	Description:	RFP Page	Offeror's Page #
1	Offeror's checklist completed (i.e., page numbers entered in the right-hand column of this table.)	This Page	
2	Offer and Acceptance page completed	Page 3	
3	Pricing Schedule	Page 9	
4	Copies of proposal submitted as one (1) marked "Original" and four (4) copies	Page 21	
5	Detailed narrative summarizing the firm's experience	Page 21	
6	Description of firm's ability/past experience in providing speed, accuracy, quality & excellent service	Page 21	
7	Minimum of three (3) professional references for the firm	Page 21	
8	Organizational Chart	Page 22	
9	List of work to be outsourced	Page 22	
10	List of on-site printing equipment	Page 22	
11	Quality control examples	Page 22	
12	List of all Proposed Key Personnel	Page 22	
13	Resume for each Key Person	Page 22	
14	Any additional information (optional)	Page 22	
15	Financial Disclosure (Exhibit D)	Page 23	


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This Addendum is made part of this Contract between the Arizona Health Care Cost Containment System ("AHCCCS") and the Contractor, referred to as "Business Associate" in this addendum.

AHCCCS and Business Associate agree that this Contract shall comply with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as set forth in Title 45, Parts 160 and 164 of the Code of Federal Regulations (the "CFR"). In the event of conflicting terms or conditions, this Addendum shall supersede the Contract.


1. Definitions. Capitalized terms not otherwise defined in the Contract shall have the meanings given to them in Title 45, Parts 160 and 164 of the CFR and are incorporated herein by reference.
2. Use and Disclosure of Protected Health Information. Business Associate shall use and/or disclose Protected Health Information ("PHI") only to the extent necessary to satisfy Business Associate's obligations under the Contract.
3. Prohibition on Unauthorized Use or Disclosure of PHI. Business Associate shall not use or disclose any PHI received from or on behalf of AHCCCS, except as permitted or required by the Contract, as required by law or as otherwise authorized in writing by AHCCCS. Business Associate shall comply with:
  - (a) Title 45, Part 164 of the CFR;
  - (b) State laws, rules and regulations applicable to PHI not preempted pursuant to Title 45, Part 160, Subpart B of the CFR or the Employee Retirement Income Security Act of 1974 ("ERISA") as amended; and
  - (c) AHCCCS's health information privacy and security policies and procedures.
4. Business Associate's Operations. Business Associate may use PHI it creates or receives for or from AHCCCS only to the extent necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities. Business Associate may disclose such PHI as necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities only if:
  - (a) The disclosure is required by law; or



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- (b) Business Associate obtains reasonable assurance, evidenced by written contract, from any person or organization to which Business Associate shall disclose such PHI that such person or organization shall:
- (i) Hold such PHI in confidence and use or further disclose it only for the purpose for which Business Associate disclosed it to the person or organization or as required by law; and
  - (ii) Notify Business Associate (who shall in turn promptly notify AHCCCS) of any instance of which the person or organization becomes aware in which the confidentiality of such PHI was breached.
5. Data Aggregation Services. Business Associate may use PHI to provide Data Aggregation Services related to AHCCCS's Health Care Operations.
6. PHI Safeguards. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical safeguards to prevent the improper use or disclosure of any PHI received from or on behalf of AHCCCS.
7. Electronic Health Information Security and Integrity. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical security measures in compliance with Section 1173(d) of the Social Security Act, Title 42, Section 1320d-2(d) of the United States Code and Title 45, Part 142 of the CFR to preserve the integrity and confidentiality of all electronically maintained or transmitted Health Information received from or on behalf of AHCCCS pertaining to an individual. Business Associate shall document and keep these security measures current.
8. Protection of Exchanged Information in Electronic Transactions. If Business Associate conducts any Standard Transaction for or on behalf of AHCCCS, Business Associate shall comply, and shall require any subcontractor or agent conducting such Standard Transaction to comply, with each applicable requirement of Title 45, Part 162 of the CFR. Business Associate shall not enter into or permit its subcontractors or agents to enter into any Trading Partner Contract in connection with the conduct of Standard Transactions for or on behalf of AHCCCS that:
- (a) changes the definition, Health Information condition or use of a Health Information element or segment in a Standard;
  - (b) adds any Health Information elements or segments to the maximum defined Health Information set;
  - (c) uses any code or Health Information elements that are either marked "not used" in the Standard's Implementation Specification or are not in the Standard's Implementation Specification(s); or
  - (d) changes the meaning or intent of the Standard's Implementation Specification(s).
9. Subcontractors and Agents. Business Associate shall require each of its subcontractors or agents to whom Business Associate may provide PHI received from, or created or received by Business Associate on behalf of AHCCCS to agree to written contractual provisions that impose at least the same obligations to protect such PHI as are imposed on Business Associate by the Contract.



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10. Access to PHI. Business Associate shall provide access, at the request of AHCCCS, to PHI in a Designated Record Set, to AHCCCS or, as directed by AHCCCS, to an individual to meet the requirements under Title 45, Part 164, Subpart E, Section 164.524 of the CFR and applicable state law. Business Associate shall provide access in the time and manner set forth in AHCCCS's health information privacy and security policies and procedures.
11. Amending PHI. Business Associate shall make any amendment(s) to PHI in a Designated Record Set that AHCCCS directs or agrees to pursuant to Title 45, Part 164, Subpart E, Section 164.526 of the CFR at the request of AHCCCS or an Individual, and in the time and manner set forth in AHCCCS's health information privacy and security policies and procedures.
12. Accounting of Disclosures of PHI.
  - (a) Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for AHCCCS to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.
  - (b) Business Associate agrees to provide AHCCCS or an individual, in the time and manner set forth in AHCCCS's health information privacy and security policies and procedures, information collected in accordance with Section 11(a) above, to permit AHCCCS to respond to a request by an individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.
13. Access to Books and Records. Business Associate shall make its internal practices, books and records relating to the use and disclosure of PHI received from or on behalf of AHCCCS available to AHCCCS and to DHHS or its designee for the purpose of determining AHCCCS's compliance with the Privacy Rule.
14. Reporting. Business Associate shall report to AHCCCS any use or disclosure of PHI not authorized by the Contract, by law, or in writing by AHCCCS. Business Associate shall make the report to AHCCCS's Privacy Official not less than 24 hours after Business Associate learns of such unauthorized use or disclosure. Business Associate's report shall at least:
  - (a) identify the nature of the unauthorized use or disclosure;
  - (b) identify the PHI used or disclosed;
  - (c) identify who made the unauthorized use or received the unauthorized disclosure;
  - (d) identify what Business Associate has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure;
  - (e) identify what corrective action Business Associate has taken or shall take to prevent future similar unauthorized use or disclosure; and
  - (f) provide such other information, including a written report, as reasonably requested by AHCCCS's Privacy Official.



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15. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of the Contract.
16. Termination for Cause. Upon AHCCCS's knowledge of a material breach by Business Associate of the terms of this Addendum, AHCCCS shall:
- (a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate if Business Associate does not cure the breach or end the violation within the time specified by AHCCCS.
  - (b) Immediately terminate the Contract if Business Associate has breached a material term of the Contract and cure is not possible.
  - (c) If neither termination nor cure is feasible, AHCCCS shall report the violation to DHHS.
17. Return or Destruction of Health Information.
- (a) Except as provided in Section 17(b) below, upon termination, cancellation, expiration or other conclusion of the Contract, Business Associate shall return to AHCCCS or destroy all PHI received from AHCCCS, or created or received by Business Associate on behalf of AHCCCS. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.
  - (b) In the event that Business Associate determines that returning or destroying the PHI is not feasible, Business Associate shall provide to AHCCCS notification of the conditions that make return or destruction not feasible. Upon verification by AHCCCS that the return or destruction of PHI is not feasible, Business Associate shall extend the protections of the Contract to such PHI and limit further uses and disclosure of PHI to those purposes that make the return or destruction not feasible, for so long as Business Associate maintains such PHI.
18. Automatic Amendment. Upon the effective date of any amendment to the regulations promulgated by HHS with respect to PHI, the Contract shall automatically amend such that the obligations imposed on Business Associate as a Business Associate remain in compliance with such regulations.

**End of Solicitation YH07-0009 Document**